

CONDOMINIUM PUBLIC REPORT

Prepared &

Issued by:

Developer Robert N. Christenson and Sara E. Christenson

Address 866 Jermain Road, Newport, Washington 99156

Project Name (*): Koloa Zap Ohana

Address: 5490 Emi Road, Koloa, Kauai, Hawaii 96756

Registration No. 6097
(Conversion)

Effective date: October 11, 2006

Expiration date: November 11, 2007

Preparation of this Report:

This report has been prepared by the Developer pursuant to the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, as amended. This report is not valid unless the Hawaii Real Estate Commission has issued a registration number and effective date for the report.

This report has not been prepared or issued by the Real Estate Commission or any other government agency. Neither the Commission nor any other government agency has judged or approved the merits or value, if any, of the project or of purchasing an apartment in the project.

Buyers are encouraged to read this report carefully, and to seek professional advice before signing a sales contract for the purchase of an apartment in the project.

Expiration Date of Reports: Preliminary Public Reports and Final Public Reports automatically expire thirteen (13) months from the effective date unless a Supplementary Public Report is issued or unless the Commission issues an order, a copy of which is attached to this report, extending the effective date for the report.

Exception: The Real Estate Commission may issue an order, a copy of which shall be attached to this report, that the final public report for a two apartment condominium project shall have no expiration date.

Type of Report:

☐ **PRELIMINARY:**
(yellow)

The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report. A Final Public Report will be issued by the developer when complete information is filed.

☒ **FINAL:**
(white)

The developer has legally created a condominium and has filed complete information with the Commission.

☒ No prior reports have been issued.

☐ This report supersedes all prior public reports.

☐ This report must be read together with _____

☐ **SUPPLEMENTARY:**
(pink)

This report updates information contained in the:

☐ Preliminary Public Report dated: _____

☐ Final Public Report dated: _____

☐ Supplementary Public Report dated: _____

And

☐ Supersedes all prior public reports.

☐ Must be read together with _____

☐ This report reactivates the _____
public report(s) which expired on _____

(*) Exactly as named in the Declaration

This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at 586-2643 to submit your request.

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

[] Required and attached to this report [x] Not Required - Disclosures covered in this report.

Summary of Changes from Earlier Public Reports:

This summary contains a general description of the changes, if any, made by the developer since the last public report was issued. It is not necessarily all inclusive. Prospective buyers should compare this public report with the earlier reports if they wish to know the specific changes that have been made.

[x] No prior reports have been issued by the developer.

[] Changes made are as follows:

SPECIAL NOTICE

This is a condominium project, not a subdivision, and the project does not involve the sale of individual subdivided lots. The land area beneath and immediately appurtenant to each unit is designated a limited common element and is not a legally subdivided lot. The dotted lines on the Condominium Map bounding the designated number of square feet in each limited common element land area are for illustrative purposes only and should not be construed to be the property lines of legally subdivided lots.

Facilities and improvements normally associated with County approved subdivisions may not necessarily be provided for and services such as County street maintenance and trash collection may not be available for interior roads.

This public report does not constitute approval of the Project by the Real Estate Commission, or any other government agency, nor does it ensure that all applicable County codes, ordinances, and subdivision requirements have necessarily been complied with.

THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY REVIEW THE CONDOMINIUM DOCUMENTS REFERENCED IN THIS PUBLIC REPORT FOR FURTHER INFORMATION WITH REGARD TO THE FOREGOING.

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General Information On Condominiums

A condominium is a special form of real property. To create a condominium in Hawaii, the requirements of the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, must be complied with. In addition, certain requirements and approvals of the County in which the project is located must be satisfied and obtained.

Some condominium projects are leasehold. This means that the land or the building(s) and other improvements are leased to the buyer. The lease for the land usually requires that at the end of the lease term, the lessees (apartment owners/tenants) deliver their interest in the land to the lessor (fee property owner). The lease also usually requires that the lessees either (1) convey to the lessor the building(s) and other improvements, including any improvements paid for by the lessees; or (2) remove or dispose of the improvements at the lessee's expense. Leases for individual apartments often require that at the end of the lease term, the lessee deliver to the lessor the apartment, including any improvements placed in the apartment by the lessee.

If you are atypical condominium apartment owner, you will have two kinds of ownership: (1) ownership in your individual apartment; and (2) an undivided interest in the common elements.

"Common elements" are the areas of the condominium project other than the individual apartments. They are owned jointly by all apartment owners and include the land, either in fee simple or leasehold, and those parts of the building or buildings intended for common use such as foundations, columns, roofs, halls, elevators, and the like. Your undivided interest in the common elements cannot be separated from ownership of your apartment.

In some condominium projects, some common elements are reserved for the exclusive use of the owners of certain apartments. These common elements are called "limited common elements" and may include parking stalls, patios, lanais, trash chutes, and the like.

You will be entitled to exclusive ownership and possession of your apartment. Condominium apartments may be individually bought, sold, rented, mortgaged or encumbered, and may be disposed of by will, gift, or operation of law.

Your apartment will, however, be part of the group of apartments that comprise the condominium project. Study the project's Declaration, Bylaws, and House Rules. These documents contain important information on the use and occupancy of apartments and the common elements as well as the rules of conduct for owners, tenants, and guests.

Operation of the Condominium Project

The Association of Apartment Owners is the entity through which apartment owners may take action with regard to the administration, management, and operation of the condominium project. Each apartment owner is automatically a member of the Association.

The Board of Directors is the governing body of the Association. Unless you serve as a board member or an officer, or are on a committee appointed by the board, your participation in the administration and operation of the condominium project will in most cases be limited to your right to vote as an apartment owner.

The Board of Directors and officers can take certain actions without the vote of the owners. For example, the board may hire and fire employees, increase or decrease maintenance fees, borrow money for repair and improvements and set a budget. Some of these actions may significantly impact the apartment owners.

Until there is a sufficient number of purchasers of apartments to elect a majority of the Board of Directors, it is likely that the developer will effectively control the affairs of the Association. It is frequently necessary for the developer to do so during the early stages of development and the developer may reserve certain special rights to do so in the Declaration and Bylaws. Prospective buyers should understand that it is important to all apartment owners that the transition of control from the developer to the apartment owners be accomplished in an orderly manner and in a spirit of cooperation.

I. PERSONS CONNECTED WITH THE PROJECT

Developer: Robert N. Christenson and Sara E. Christenson Phone: (509) 292-8321
Name* (Business)
866 Jermain Road
Business Address
Newport, Washington 99156

Names of officers and directors of developers who are corporations; general partners of a partnership; partners of a Limited Liability Partnership (LLP); or manager and members of a Limited Liability Company (LLC) (attach separate sheet if necessary):

N/A

Real Estate Broker*: Mike Harismendy Phone: (808) 332-9603
Name (Business)
P.O. Box 1197
Business Address
Koloa, Hawaii 96756

Escrow: Title Guaranty Escrow Services Phone: (808) 521-0211
Name (Business)
235 Queen Street 1st Floor
Business Address
Honolulu, Hawaii 96813

General Contractor*: N/A Phone: _____
Name (Business)
Business Address

Condominium Managing Agent*: Self managed by the Association of Apartment Owners Phone: _____
Name (Business)
Business Address

Attorney for Developer: John Winnicki Phone: (808) 533-1751
Name (Business)
810 Richards Street, Suite 700
Business Address
Honolulu, Hawaii 96813

* For Entities: Name of corporation, partnership, Limited Liability Partnership (LLP), or Limited Liability Company (LLC)

II. CREATION OF THE CONDOMINIUM; CONDOMINIUM DOCUMENTS

A condominium is created by recording in the Bureau of Conveyances and/or filing with the Land Court a Declaration of Condominium Property Regime, a Condominium Map (File Plan), and the Bylaws of the Association of Apartment Owners. The Condominium Property Act (Chapter 514A, MRS), the Declaration, Bylaws, and House Rules control the rights and obligations of the apartment owners with respect to the project and the common elements, to each other, and to their respective apartments. The provisions of these documents are intended to be, and in most cases are, enforceable in a court of law.

A. **Declaration of Condominium Property Regime** contains a description of the land, buildings, apartments, common elements, limited common elements, common interests, and other information relating to the condominium project.

The Declaration for this condominium is:

☐ Proposed

☒ Recorded - Bureau of Conveyances: Document No. 2006-103175

Book _____ Page _____

☐ Filed - Land Court:

Document No. _____

The Declaration referred to above has been amended by the following instruments [state name of document, date and recording/filing information]:

First Amendment to the Declaration of Condominium Property Regime of Koloa Zap Ohana, recorded on June 26, 2006 as document no. 2006-117368.

B. **Condominium Map (File Plan)** shows the floor plan, elevation and layout of the condominium project. It also shows the floor plan, location, apartment number, and dimensions of each apartment.

The Condominium Map for this condominium project is:

☐ Proposed

☒ Recorded - Bureau of Conveyances Condo Map No. 4243

☐ Filed - Land Court Condo Map No. _____

The Condominium Map has been amended by the following instruments [state name of document, date and recording/filing information]:

Architect's Certification and revised Floor Plans and Exterior Elevations of the Structures, filed on June 26, 2006, amending Condo Map No. 4243.

C. **Bylaws of the Association of Apartment Owners** govern the operation of the condominium project. They provide for the manner in which the Board of Directors of the Association of Apartment Owners is elected, the powers and duties of the Board, the manner in which meetings will be conducted, whether pets are prohibited or allowed and other matters which affect how the condominium project will be governed.

The Bylaws for this condominium are:

☐ Proposed

☒ Recorded - Bureau of Conveyances: Document No. 2006-103176

Book _____ Page _____

☐ Filed - Land Court:

Document No. _____

The Bylaws referred to above have been amended by the following instruments [state name of document, date and recording/filing information]: N/A

D. **House Rules.** The Board of Directors may adopt House Rules to govern the use and operation of the common elements and limited common elements. House Rules may cover matters such as parking regulations, hours of operation for common facilities such as recreation areas, use of lanais and requirements for keeping pets. These rules must be followed by owners, tenants, and guests. They do not need to be recorded or filed to be effective. The initial House Rules are usually adopted by the developer.

The House Rules for this condominium are:

☐ Proposed ☐ Adopted ☒ Developer does not plan to adopt House Rules

E. **Changes to Condominium Documents** Changes to the Declaration, Condominium Map, and Bylaws are effective only if they are duly adopted and recorded and/or filed. Changes to House Rules do not need to be recorded or filed to be effective.

1. **Apartment Owners:** Minimum percentage of common interest which must vote for or give written consent to changes:

	<u>Minimum Set by Law</u>	<u>This Condominium</u>
Declaration (and Condo Map)	75%*	<u>100%</u>
Bylaws	65%	<u>100%</u>
House Rules	--	<u>N/A</u>

* The percentages for individual condominium projects may be more than the minimum set by law for projects with five or fewer apartments.

2. **Developer:**

☐ No rights have been reserved by the developer to change the Declaration, Condominium Map, Bylaws or House Rules.

☒ Developer has reserved the following rights to change the Declaration, Condominium Map, Bylaws or House Rules:

The Developer may amend the Declaration (and when applicable, any exhibits to the Declaration and the Condominium Map) (a) without the consent or joinder of any apartment owner or any other party (including any mortgagee) holding any interest in any apartment or the Project, for the purpose of adjusting the plan or description of any apartment which may be improved, enlarged or altered upon the condition that no such amendment shall in any way alter any apartment or common interest thereof which has been conveyed by the Developer prior to the filing of such amendment in the Bureau of Conveyances of the State of Hawaii, and (b) to file the "as-built" verified statement required by Section 514A-12 of the Act (i) so long as such statement is a verified statement of a registered architect or professional engineer certifying that the final plans theretofore filed or being filed simultaneously with such amendment, fully and accurately depict the layout, location, apartment numbers, and the dimensions of the apartments as built, or (ii) so long as the plans filed therewith involve only minor changes to the layout, location, or dimensions of the apartments as built or any change in any apartment number or said amendment reflects the designation of a utility or access easement for the benefit of one or more apartments.

III. THE CONDOMINIUM PROJECT

A. **Interest to be Conveyed to Buyer:**

- ☒ **Fee Simple:** Individual apartments and the common elements, which include the underlying land, will be in fee simple.
- ☐ **Leasehold or Sub-leasehold:** Individual apartments and the common elements, which include the underlying land will be leasehold.

Leases for the individual apartments and the underlying land usually require that at the end of the lease term, the lessee (apartment owner/tenant) deliver to the lessor (fee property owner) possession of the leased premises and all improvements, including improvements paid for by the lessee.

Exhibit _____ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires: _____ Rent Renegotiation Date(s): _____

Lease Rent Payable: ☐ Monthly ☐ Quarterly
 ☐ Semi-Annually ☐ Annually

Exhibit ____ contains a schedule of the lease rent for each apartment per: ☐ Month ☐ Year

For Sub-leaseholds:

- ☐ Buyer's sublease may be canceled if the master lease between the sublessor and fee owner is: ☐ Canceled ☐ Foreclosed
- ☐ As long as the buyer is not in default, the buyer may continue to occupy the apartment and/or land on the same terms contained in the sublease even if the master lease is canceled or foreclosed.

- ☐ **Individual Apartments in Fee Simple: Common Interest in the Underlying Land in Leasehold or Sub-leasehold:**

Leases for the underlying land usually require that at the end of the lease term, the lessees (apartment owners/tenants) deliver to the lessor (fee property owner) their interest in the land and that they either (1) remove or dispose of the building(s) and other improvements at the lessee's expense; or (2) convey the building(s) and improvements to the lessor, often at a specified price.

Exhibit _____ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires: _____ Rent Renegotiation Date(s): _____

Lease Rent Payable: ☐ Monthly ☐ Quarterly
 ☐ Semi-Annually ☐ Annually

Exhibit _____ contains a schedule of the lease rent for each apartment per: ☐ Month ☐ Year

☐ Other:

IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS

The information contained in this report is a summary of the terms of the lease. For more detailed information, you should secure a copy of the lease documents and read them thoroughly.

If you have any legal questions about leasehold property, the lease documents or the terms of the lease and the consequences of becoming a lessee, you should seek the advice of an attorney.

There are currently no statutory provisions for the mandatory conversion of leasehold condominiums and there are no assurances that such measures will be enacted in the future.

In leasehold condominium projects, the buyer of an apartment will acquire the right to occupy and use the apartment for the time stated in the lease agreement. The buyer will not acquire outright or absolute fee simple ownership of the land. The land is owned by the lessor or the leased fee owner. The apartment owner or lessee must make lease rent payments and comply with the terms of the lease or be subject to the lessor's enforcement actions. The lease rent payments are usually fixed at specific amounts for fixed periods of time, and are then subject to renegotiation. Renegotiation may be based on a formula, by arbitration set in the lease agreement, by law or by agreement between the lessor and lessee. The renegotiated lease rents may increase significantly. At the end of the lease, the apartment owners may have to surrender the apartments, the improvements and the land back to the lessor without any compensation (surrender clause).

When leasehold property is sold, title is normally conveyed by means of an assignment of lease, the purpose of which is similar to that of a deed. The legal and practical effect is different because the assignment conveys only the rights and obligations created by the lease, not the property itself.

The developer of this condominium project may have entered into a master ground lease with the fee simple owner of the land in order to develop the project. The developer may have then entered into a sublease or a new lease of the land with the lessee (apartment owner). The developer may lease the improvements to the apartment owner by way of an apartment lease or sublease, or sell the improvements to the apartment owners by way of a condominium conveyance or apartment deed.

B. Underlying Land:

Address: 5490 Emi Road Tax Map Key (TMK): (4) 2-8-05:016
Koloa, Kauai, Hawaii 96756

☐ Address ☐ TMK is expected to change because _____

Land Area: 53.423 ☒ square feet ☐ acre(s) Zoning: R-4

Fee Owner: Robert N. Christenson and Sara E. Christenson
 Name
866 Jermain Road, Newport, Washington 99156
 Address

Lessor: N/A
 Name

 Address

C. **Buildings and Other Improvements:**

1. ☐ New Building(s)
☒ Conversion of Existing Building(s)
☐ Both New Building(s) and Conversion
2. Number of Buildings: 2 Floors Per Building: 1
☐ Exhibit _____ contains further explanations.
3. Principal Construction Material:
☒ Concrete ☒ Hollow Tile ☒ Wood
☐ Other _____
4. Uses Permitted by Zoning:

	No. of Apts.	<u>Use Permitted By Zoning</u>	
<input checked="" type="checkbox"/> Residential	<u>2</u>	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Commercial	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Hotel	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Timeshare	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Ohana	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Industrial	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Agricultural	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Recreational	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Other	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No

Is/Are this/these use(s) specifically permitted by the project's Declaration or Bylaws?
☒ Yes ☐ No

5. Special Use Restrictions:

The Declaration and Bylaws may contain restrictions on the use and occupancy of the apartments. Restrictions for this condominium project include but are not limited to:

[] Pets: _____

[] Number of Occupants: _____

[x] Other: No more than one family may occupy an apartment, no guest homes are allowed.

[] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0 Stairways: 0 Trash Chutes: 0

<u>Apt.</u> <u>Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net</u> <u>Living Area (sf)*</u>	<u>Net</u> <u>Other Area (sf)</u>	<u>(Identify)</u>
<u>A</u>	<u>1</u>	<u>3/2</u>	<u>1,484</u>	<u>45,193</u>	<u>land</u>
<u>B</u>	<u>1</u>	<u>1/1</u>	<u>1,020</u>	<u>11,230</u>	<u>land</u>
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

Total Number of Apartments: 2

*** Net Living Area is the floor area of the apartment measured from the interior surface of the apartment perimeter walls.**

Other documents and maps may give floor area figures which differ from those above because a different method of determining the floor area may have been used.

Boundaries of Each Apartment:

Each apartment shall be deemed to include the building comprising the apartment, including, specifically, but not limited to: (i) all perimeter walls, floors, foundations and roof of such building, all fences, outbuildings, structures, and improvements of any kind located wholly within the limited common element; and (ii) all pipes, wires, conduits, or other utility and service lines in such building, or if the same are not utilized for or serve more than one apartment; (iii) each addition, replacement and other improvements of the apartment as permitted by law.

Permitted Alterations to Apartments:

Each apartment owner shall have the right to construct such improvements as may be allowed by law with his or her respective limited common elements in accordance with the Declaration and to amend the Declaration and the Condominium file plan by his or her signature alone to reflect such alterations. Each owner shall cooperate with the other(s) in executing such documents as the County of Kauai may require in order for an owner within the project to obtain a building permit for the construction of allowed improvement within an owner's limited common element. This provision shall be enforceable either at law or equity by either an owner or by the apartment owners' association, with all costs and damages therefore assessed against the offending owner.

Apartments Designated for Owner-Occupants Only:

Fifty percent (50%) of **residential** apartments must be so designated; developer has a right to substitute similar apartments for those apartments already designated. Developer must provide this information either in a published announcement or advertisement as required by section 514A-102, HRS; or include the information here in this public report and in the announcement (see attachment 11a). Developer has not elected to provide the information in a published announcement or advertisement.

7. Parking Stalls:

Total Parking Stalls: 2

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		TOTAL
	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	
Assigned (for each unit)	<u>2</u>						<u>2</u>
Guest							
Unassigned							
Extra for Purchase							
Other: _____							
Total Covered & Open:	<u>2</u>						<u>2</u>

Each apartment will have the exclusive use of at least 1 parking stall(s).
Buyers are encouraged to find out which stall(s) will be available for their use.

☐ Commercial parking garage permitted in condominium project.

☐ Exhibit ____ contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

☒ There are no recreational or common facilities.

☐ Swimming pool

☐ Storage Area

☐ Recreation Area

☐ Laundry Area

☐ Tennis Court

☐ Trash Chute/Enclosure(s)

☐ Other: _____

9. Compliance With Building Code and Municipal Regulations: Cost to Cure Violations

☒ There are no violations.

☐ Violations will not be cured.

☐ Violations and cost to cure are listed below:

☐ Violations will be cured by _____
(Date)

10. Condition and Expected Useful Life of Structural Components, Mechanical, and Electrical Installations
(For conversions of residential apartments in existence for at least five years):

All structures on Unit A and Unit B appear to be in satisfactory condition for its age. The structure and related systems and components have an expected useful life of

1. Approximately 11 years for Unit A;
2. Approximately 51 years for Unit B.

11. Conformance to Present Zoning Code

- a. ☒ No variances to zoning code have been granted.
☐ Variance(s) to zoning code was/were granted as follows:

b. Conforming/Non-Conforming Uses, Structures, Lot

In general, a non-conforming use, structure, or lot is a use, structure, or lot which was lawful at one time but which does not now conform to present zoning requirements.

	<u>Conforming</u>	<u>Non-Conforming</u>	<u>Illegal</u>
Uses	<u> x </u>	<u> </u>	<u> </u>
Structures	<u> x </u>	<u> </u>	<u> </u>
Lot	<u> x </u>	<u> </u>	<u> </u>

If a variance has been granted or if uses, improvements or lot are either non-conforming or illegal, buyer should consult with county zoning authorities as to possible limitations which may apply.

Limitations may include restrictions on extending, enlarging, or continuing the nonconformity, and restrictions on altering and repairing structures. In some cases, a non-conforming structure that is destroyed or damaged cannot be reconstructed.

The buyer may not be able to obtain financing or insurance if the condominium project has a non-conforming or illegal use, structure, or lot.

D. Common Elements, Limited Common Elements, Common Interest:

1. Common Elements: Common Elements are those parts of the condominium project other than the individual apartments. Although the common elements are owned jointly by all apartment owners, those portions of the common elements which are designated as limited common elements (see paragraph 2 below) may be used only by those apartments to which they are assigned. The common elements for this project, as described in the Declaration, are:

☐ described in Exhibit _____.

☒ as follows:

(i) The land, in fee simple, underlying the project, subject to the division of the same as limited common elements; (ii) all pipes, wires, conduits, or other utility or service lines, drainage ditches or appurtenant drainage structures retaining walls (if any), and yard fences, which are located outside the buildings and which are utilized for or serve more than one apartment; (iii) one-eighth interest in Lot 9 (30 feet road) for access & egress for Units A and B, as depicted on the Condominium Map, until such time the said road is accepted by the County of Kauai. Neither party shall take any action to impede the purpose of this common access, especially including parking automobiles within the same or taking any action as to curtail traffic; (iv) easement along the north boundary of Unit A approximately ten (10) feet wide for surface drainage as depicted on the Condominium Map.

2. Limited Common Elements: Limited Common Elements are those common elements which are reserved for the exclusive use of the owners of certain apartments.

☐ There are no limited common elements in this project.

☒ The limited common elements and the apartments which use them, as described in the Declaration, are:

☐ described in Exhibit _____.

☒ as follows:

(i) That portion of land designated as Limited Common Element Unit A, consisting of 45,193 square feet, as indicated on the Condominium Map, is reserved for the exclusive use of Unit A for the support of the building and other improvements comprising Unit A, and for residential yard, driveway and parking purposes; (ii) that portion of land designated as Limited Common Element Unit B, consisting of 11,230 square feet, as indicated on the Condominium Map, is reserved for the exclusive use of Unit B for the support of the building and other improvements comprising Unit B and for residential yard, driveway and parking purposes;

3. Common Interest: Each apartment will have an undivided fractional interest in all of the common elements. This interest is called the "common interest." It is used to determine each apartment's share of the maintenance fees and other common profits and expenses of the condominium project. It may also be used for other purposes, including voting on matters requiring action by apartment owners. The common interests for the apartments in this project, as described in the Declaration, are:

☐ described in Exhibit _____.

☒ as follows:

Unit A	50%
Unit B	50%
	100%

- E. **Encumbrances Against Title:** An encumbrance is a claim against or a liability on the property or a document affecting the title or use of the property. Encumbrances may have an adverse effect on the property or your purchase and ownership of an apartment in the project.

Exhibit "A" describes the encumbrances against the title contained in the title report dated June 1, 2006 and issued by Security Title Corp.

Blanket Liens:

A blanket lien is an encumbrance (such as a mortgage) on the entire condominium project that secures some type of monetary debt (such as a loan) or other obligation. A blanket lien is usually released on an apartment-by-apartment basis upon payment of specified sums so that individual apartments can be conveyed to buyers free and clear of the lien.

[] There are no blanket liens affecting title to the individual apartments.

[x] There are blanket liens which may affect title to the individual apartments.

Blanket liens (except for improvement district or utility assessments) must be released before the developer conveys the apartment to a buyer. The buyer's interest will be affected if the developer defaults and the lien is foreclosed prior to conveying the apartment to buyer.

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
Mortgage dated March 23, 1993 Mortgagee: Robert H. Christenson and Sara E. Christenson, as assignees of First Hawaiian Bank	Because the mortgage is in favor of the Developer, there is no possibility of Developer's default or foreclosure of this mortgage prior to conveyance
Mortgage acknowledged May 29, 1998 Mortgagee: Robert H. Christenson and Sara E. Christenson	Because the mortgage is in favor of the Developer, there is no possibility of Developer's default or foreclosure of this mortgage prior to conveyance
Mortgage dated November 15, 2004 Mortgagee: Robert H. Christenson and Sara E. Christenson	Because the mortgage is in favor of the Developer, there is no possibility of Developer's default or foreclosure of this mortgage prior to conveyance

F. Construction Warranties:

Warranties for individual apartments and the common elements, including the beginning and ending dates for each warranty, are as follows:

1. Building and Other Improvements:

N/A

2. Appliances:

N/A

G. **Status of Construction and Date of Completion or Estimated Date of Completion:**

Unit A completed in 1956.

Unit B completed in 1996.

H. **Project Phases:**

The developer [] has [☒] has not reserved the right to add to, merge, or phase this condominium.

Summary of Developer's plans or right to perform for future development (such as additions, mergers or phasing):

N/A

IV. CONDOMINIUM MANAGEMENT

- A. **Management of the Common Elements:** The Association of Apartment Owners is responsible for the management of the common elements and the overall operation of the condominium project. The Association may be permitted, and in some cases may be required, to employ or retain a condominium managing agent to assist the Association in managing the condominium project.

Initial Condominium Managing Agent: When the developer or the developer's affiliate is the initial condominium managing agent, the management contract must have a term of one year or less and the parties must be able to terminate the contract on notice of 60 days or less.

The initial condominium managing agent for this project, named on page five (5) of this report, is:

☐ not affiliated with the Developer ☐ the Developer or Developer's affiliate
☒ self-managed by the Association of Apartment Owners ☐ Other: _____

- B. **Estimate of Initial Maintenance Fees:**

The Association will make assessments against your apartment to provide funds for the operation and maintenance of the condominium project. If you are delinquent in paying the assessments, a lien may be placed on your apartment and the apartment may be sold through a foreclosure proceeding.

Initial maintenance fees are difficult to estimate and tend to increase as the condominium ages. Maintenance fees may vary depending on the services provided.

Exhibit "B" contains a schedule of estimated initial maintenance fees and maintenance fee disbursements (subject to change).

- C. **Utility Charges for Apartments:**

Each apartment will be billed separately for utilities except for the following checked utilities which are included in the maintenance fees:

☒ None ☐ Electricity (___ Common Elements only ___ Common Elements & Apartments)
☐ Gas (___ Common Elements only ___ Common Elements & Apartments)
☐ Water ☐ Sewer ☐ Television Cable
☐ Other _____

V. MISCELLANEOUS

A. Sales Documents Filed With the Real Estate Commission:

Sales documents on file with the Real Estate Commission include but are not limited to:

- ☐ Notice to Owner Occupants
- ☒ Specimen Sales Contract
Exhibit "C" contains a summary of the pertinent provisions of the sales contract.
- ☒ Escrow Agreement dated April 28, 2006
Exhibit "D" contains a summary of the pertinent provisions of the escrow agreement.
- ☐ Other _____

B. Buyer's Right to Cancel Sales Contract:

1. Rights Under the Condominium Property Act (Chapter 514A, HRS):

Preliminary Report: Sales made by the developer are not binding on the prospective buyer. Sales, made by the developer may be binding on the developer unless the developer clearly states in the sales contract that sales are not binding. A prospective buyer who cancels the sales contract is entitled to a refund of all moneys paid, less any escrow cancellation fee up to \$250.00.

Supplementary Report to a Preliminary Report: Same as for Preliminary Report.

Final Report or Supplementary Report to a Final Report: Sales made by the developer are binding if:

- A) The Developer delivers to the buyer a copy of:
 - 1) Either the Final Public Report **OR** the Supplementary Public Report which has superseded the Final Public Report for which an effective date has been issued by the Real Estate Commission; **AND**
 - 2) Any other public report issued by the developer prior to the date of delivery, if the report was not previously delivered to the buyer and if the report has not been superseded;
- B) The buyer is given an opportunity to read the report(s); **AND**
- C) One of the following has occurred:
 - 1) The buyer has signed a receipt for the report(s) and waived the right to cancel; or
 - 2) Thirty (30) days have passed from the time the report(s) were delivered to the buyer; or
 - 3) The apartment is conveyed to the buyer within 30 days from the date the report(s) were delivered to the buyer.

Material Change: Binding contracts with the Developer may be rescinded by the buyer if:

- A) There is a material change in the project which directly, substantially, and adversely affects (1) the use or value of the buyer's apartment or its limited common elements; or (2) the amenities available for buyer's use; **AND**
- B) The buyer has not waived the right to rescind.

If the buyer rescinds a binding sales contract because there has been a material change, the buyer is entitled to a full and prompt refund of any moneys the buyer paid.

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:
- A) Condominium Public Reports issued by the developer which have been issued an effective date by the Hawaii Real Estate Commission.
 - B) Declaration of Condominium Property Regime, as amended.
 - C) Bylaws of the Association of Apartment Owners, as amended.
 - D) House Rules, if any.
 - E) Condominium Map, as amended.
 - F) Escrow Agreement.
 - G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
 - H) Other _____

Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer or through the developer's sales agent, if any. The Condominium Property Regime law (Chapter 514A, HRS) and the Administrative Rules (Chapter 107) are available online. Please refer to the following sites:

Website to access official copy of laws: www.capitol.hawaii.gov

Website to access unofficial copy of laws: www.hawaii.gov/dcca/hrs

Website to access rules: www.hawaii.gov/dcca/har

This Public Report is a part of Registration No. 6097 filed with the Real Estate Commission on June 27, 2006

Reproduction of Report. When reproduced, this report must be on:

☐ YELLOW paper stock

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C. Additional Information Not Covered Above

None

- D. The developer declares subject to the penalties set forth in section 514A-49(b) that this project is in compliance with all county zoning and building ordinances and codes, and all other county permitting requirements applicable to the project, pursuant to Act 251 (SLH 2000) [Section 514A-1.6] (The developer is required to make this declaration for issuance of an effective date for a final public report.)
- E. The developer hereby certifies that all the information contained in this Report and the Exhibits attached to this Report and all documents to be furnished by the developer to buyers concerning the project have been reviewed by the developer and are, to the best of the developer's knowledge, information and belief, true, correct and complete.

Robert N. Christenson and Sara E. Christenson

Printed Name of Developer

By 
Duly Authorized Signatory*


4-28-06

Date

4-28-06

Robert N. Christenson

Sara E. Christenson

Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, County of Kauai

Planning Department, County of Kauai

****Must be signed for a: corporation by an officer; partnership or Limited Liability Partnership (LLP) by the general partner; Limited Liability Company (LLC) by the manager or member; and for an individual by the individual.***

EXHIBIT "A"

Encumbrances against title contained in title report

1. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
2. Any variations in and along the boundaries of the land herein described running along Waihohonu Stream, as may be caused by natural deviation of said stream; and any riparian rights in and to said stream.
3. Reservation of a ten-foot easement, for surface drainage purposes, as reserved in that certain Deed dated January 17, 1963, recorded in the Bureau of Conveyances of the State of Hawaii in Book 4556, Page 104.

4. **MORTGAGE**

Mortgagor: Leonard Howard Zalopany, Jr. and Lisa Maurine Zalopany, husband and wife, and Leonard Howard Zalopany, Sr. and Alma Kuulei Zalopany, husband and wife
Mortgagee: First Hawaiian Bank, which is organized and existing under the laws of the State of Hawaii
Dated: March 23, 1993
Recorded: April 02, 1993
Document No. 93-053187
To Secure: \$210,000.00 and any additional advances and other amounts secured thereby, all according to the terms of that certain promissory note of said mortgagor(s) therein referred to

The foregoing Mortgage was assigned by the following:

ASSIGNMENT OF MORTGAGE

Assignor: First Hawaiian Bank, a Hawaii corporation
Assignee: Robert H. Christenson and Sara E. Christenson, husband and wife, as Tenants by the Entirety
Dated: March 09, 2004
Recorded: March 11, 2004
Document No. 2004-050768

5. **MORTGAGE**

Mortgagor: Alma K. Zalopany, unmarried, Leonard Howard Zalopany, Jr., husband of Lisa Maurine Zalopany
Mortgagee: Robert N. Christenson and Sara E. Christenson, husband and wife, as Tenants by the Entirety
Dated: May 29, 1998
Acknowledged: May 29, 1998
Recorded: June 19, 1998
Document No. 98-088580
To Secure: \$220,000.00 and any additional advances and other amounts secured thereby, all according to the terms of that certain promissory note of said mortgagor(s) therein referred to

6. **MORTGAGE**

Mortgagor: Leonard Howard Zalopany, Jr. and Lisa Maurine Zalopany, husband and wife, and Alma Kuulei Zalopany, widow
Mortgagee: Robert Christenson and Sara Christenson, husband and wife, as Tenants by the Entirety
Dated: November 15, 2004

Recorded: December 28, 2004
Document No. 2004-261873
To Secure: \$100,000.00 and any additional advances and other amounts secured thereby, all according to the terms of that certain promissory note of said mortgagor(s) therein referred to

The foregoing Mortgage was amended by the following:

**SECOND AMENDMENT TO PROMISSORY NOTE AND FIRST AMENDMENT OF REAL PROPERTY
MORTGAGE AND FINANCING STATEMENT**

Dated: April 5, 2005
Document No. 2005-07590

EXHIBIT "B"

ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

<u>Apartment</u>	<u>Monthly Fee x 12 months = Yearly Total</u>
A	\$0
B	\$0

The Real Estate Commission has not reviewed the estimates of maintenance fee assessments and disbursements for their accuracy or sufficiency

Explanation regarding a reserve study in accordance with § 514A-83.6, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended:

Developer did not conduct a reserve study because the common elements of this condominium do not include any depreciable items.

Estimate of Maintenance Fee Disbursements:

Utilities and Services

Monthly Fee x 12 months = Yearly Total

Air Conditioning	N/A
Electricity	\$0
<input type="checkbox"/> common elements only	
<input type="checkbox"/> common elements and apartments	
Elevator	N/A
Gas	N/A
<input type="checkbox"/> common elements only	
<input type="checkbox"/> common elements and apartments	
Refuse Collection	N/A
Telephone	\$0
Water and Sewer	\$0

Maintenance, Repairs and Supplies

Building	\$0
Grounds	\$0

Management

Management Fee	N/A
Payroll and Payroll Taxes	N/A
Office Expenses	N/A

Insurance	\$0
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Reserves(*)	\$0
-------------	-----

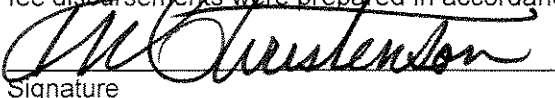
Taxes and Government Assessments	\$0
----------------------------------	-----

Audit Fees	\$0
------------	-----

Other	\$0
-------	-----

TOTAL	\$0
-------	-----

I, Robert N. Christenson, as the Developer for the Koloa Zap Ohana condominium project, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.


Signature

Sept. 29, 2006
Date

(*) Mandatory reserves assessment and collection in effect beginning 1994 budget year. The Developer is to attach to this exhibit an explanation whether, in arriving at the figure for "Reserves", the Developer has conducted a reserve study in accordance with § 514A-83.6, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

Pursuant to § 514A-83.6, HRS, a new association created after January 1, 1993, need not collect estimated replacement reserves until the fiscal year which begins after the association's first annual meeting.

EXHIBIT "C"

**Summary of Sales Condominium Reservation Agreement
Deposit Receipt and Acceptance**

A Specimen Condominium Reservation/Deposit Receipt and Contract (the "Sales Agreement") has been submitted to the Real Estate Commission and is also available from the Developer. ALL BUYERS AND PROSPECTIVE BUYERS SHOULD CAREFULLY READ THE RESERVATION AND SALES AGREEMENT IN FULL, since this summary is NOT A COMPLETE DESCRIPTION of its provisions. The Sales Agreement, among other things, covers in more detail the following items:

1. The Property to be conveyed to the Buyer includes the Apartment described in the Sales Agreement, together with an undivided interest (common interest) in the Project, which will be conveyed to the Buyer on the Closing Date by an Apartment Deed. (See subparagraph E.7(d).)

2. The Buyer represents that he is financially capable of making the payments required by the Sales Agreement. Seller may (but does not have to) cancel the Sales Agreement if any material negative change occurs in the Buyer's financial condition or any material negative discrepancy is discovered between the financial information furnished by the Buyer and the Buyer's actual financial condition. The Sales Agreement shall be cancelled (a) if the Buyer has not obtained and delivered to Seller an executed copy of a mortgage loan commitment acceptable to Seller (in Seller's sole discretion) within thirty (30) days after the effective date of the Sales Agreement (or within forty-five (45) days if Buyer is not a Hawaii resident), or such longer period of time permitted by the Seller, or (b) if the Buyer plans to pay the purchase price in cash and if Seller is not satisfied for any reason with the Buyer's ability to make the cash payments. Seller may also cancel (but does not have to) the Sales Agreement if the Buyer should die. (See subparagraph E.3 and paragraph E.13).

3. The Buyer acknowledges having had full opportunity to read and review, and approves all documents, plans and specifications relating to the Project. The Seller has the right to change such documents in certain respects, as more fully provided in paragraph E.2(c) of the Sales Agreement and the Declaration:

Seller reserves the right to modify the Declaration, By-Laws, the Condominium Map, the form of Apartment Deed and other documents as may be required by law, any title insurance company, any institutional mortgagee or governmental agency or as otherwise may be deemed necessary by Seller, in its sole discretion, at any time prior to the conveyance of first apartment therein to any person other than the Seller to make and specifically approves all changes to said documents and the Project, provided that no such modification shall:

- (i) Increase Buyer's share of common expenses without his consent; or
- (ii) Reduce the obligations of Seller for common expenses on unsold apartments; or
- (iii) Require a substantial physical change of the Apartment or of the building in which the Apartment is located.

4. The Seller MAKES NO WARRANTIES OF ANY KIND with respect to any aspect of the Project. (See subparagraph E.6).

5. Any rental or other disposition of the Apartment is the sole responsibility of the Buyer. The Buyer acknowledges that Seller is not offering directly or indirectly a rental pool within the Project in which there is a "pooling" or sharing of expenses or income among apartment owners in the Project; that Seller has not made any representations as to the feasibility of renting the apartment or otherwise deriving any economic benefit therefrom; and that the Seller has not made any representations regarding tax benefits to be derived from apartment rental or tax treatment of any apartment purchaser. (See subparagraph E.2(e)).

6. The Date of Closing shall be no more than seventy-five (75) days after Seller's acceptance of the Sales Contract. Seller may postpone the scheduled closing date for up to ninety (90) additional days. In order to avoid any delays in closing, upon at least ten (10) days written notice from Seller, the Buyer agrees to have a "pre-closing" at any time within forty-five (45) days prior to the Date of Closing, at which time all documents and funds required for closing, other than the proceeds of any mortgage loan, are to be deposited with escrow. Such funds shall be paid in cash or by certified check drawn on a financial institution having its principal office in Honolulu, Hawaii. A late charge of one percent (1%) per month is payable on all sums not paid by Buyer when due. The Buyer must pay all of the escrow fees, its own notary fees, any appraisal fees, credit report, mortgage costs and closing fees, title insurance costs, and all document drafting costs, including the Apartment Deed, and all mail and other delivery charges. (See subparagraphs E.7 (a), (b) and (c)).

7. In the event of default by the Buyer under the Sales Agreement, the Seller may cancel the Sales Agreement and retain all amounts theretofore paid by Buyer as LIQUIDATED DAMAGES. Seller may also sue for damages, specific performance, and may pursue any other remedy permitted. If the Seller defaults, the Buyer is entitled to specific performance of the Agreement, or may cancel and terminate the Agreement. (See paragraph E.11).

EXHIBIT "D"

Summary of the Material Provisions of the Escrow Agreement

Summary of the Condominium Escrow Agreement between the Developer and Title Guaranty Escrow Services, Inc..

1. All deposits will be paid to Escrow. A copy of each Sales Contract and all payments made to purchase an Apartment shall be turned over to the Escrow Agent.

2. Refunds. A Buyer shall be entitled to a return of his funds, and Escrow shall pay such funds to such Buyer, with interest in accordance with the Sales Contract, if any of the following has occurred:

(a) Developer and the purchaser shall have requested Escrow in writing to return to purchaser the funds of purchaser held hereunder by Escrow; or

(b) Developer shall have notified Escrow of Developer's exercise of the option to cancel or rescind the sales contract pursuant to any right of cancellation or rescission provided therein or otherwise available to Developer; or

(c) With respect to a purchaser whose funds were obtained prior to the issuance of the Final Report, the purchaser has exercised his right to cancel the contract pursuant to Section 514A-62, Hawaii Revised Statutes, as amended; or

(d) A purchaser has exercised his right to rescind the contract pursuant to Section 514A-63, Hawaii Revised Statutes, as amended.

Upon such refund, Escrow Agent shall be entitled to a reasonable fee of not more than \$250 commensurate with the work done by Escrow prior to cancellation.

3. Requirements Prior to Disbursement of Buyer's Funds. Escrow Agent shall make no disbursements of Buyer's funds, pursuant to paragraph 3 of the Escrow Agreement until all of the following have occurred:

(a) The Real Estate Commission has issued an effective date for final public report (the "Final Report") on the Project;

(b) Seller or Seller's attorney has given a written opinion to Escrow stating that all of the requirements of Sections 514A-62 and 514A-63 of the Hawaii Revised Statutes, then applicable to the Project, have been satisfied and, if the project is a conversion project, that the requirement of Section 514A-38 have been met.

(c) Seller shall have given Escrow a written waiver of any option reserved in any sales contract to cancel such sales contract;

(d) Purchaser's Conveyance Document has been recorded or filed for record; and

(e) Escrow has received evidence (such as title insurance) satisfactory to Escrow that forty-six (46) days have elapsed since the filing of the affidavit of publication of the Notice of Completion, or all mechanics' and materialmen's liens have been cleared or there are sufficient funds available to cover any such liens that may be filed.

4. Purchaser's Default. Seller must notify Escrow in writing if Buyer defaults, and must certify that Seller has cancelled the Purchaser's Sales Contract. After such cancellation Escrow will treat the Purchaser's funds less Escrow's cancellation fees as belonging to the Seller.

EXHIBIT "E"

Developer's statement explaining the method or formula used in computing the percentage of common interest appurtenant to the condominium units

Each of the two units comprising this condominium was given one-half (50%) of common interest in order to maintain balance between the two owners. To do otherwise would give effective control of the project to one owner only.

EXHIBIT "F"

Developer's statement regarding present condition and expected useful life of structural components and installations of the project

Developer makes no representations regarding (a) present condition of the structural components and mechanical and electrical installations of Koloa Zap Ohana condominium project and (b) expected useful life any such item.

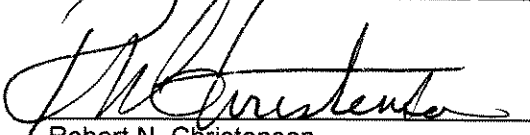
EXHIBIT "G"

Developer's Declaration Regarding Compliance with Zoning, Ordinances, and Other Permitting Requirements

Developer hereby declares, subject to penalties set forth in Section 514A-49(b), Hawaii Revised Statutes, that Kolpa Zap Ohana condominium project is in compliance with all county zoning and building ordinances and codes, and all other county permitting requirements applicable to the project.

DATED:

5-24-06

A handwritten signature in dark ink, appearing to read "R. Christenson", written over a horizontal line.

Robert N. Christenson

A handwritten signature in dark ink, appearing to read "Sara E. Christenson", written over a horizontal line.

Sara E. Christenson